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July 17, 1978 ✓ R

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Dear Mr. Tribles:

The Secretary has asked me to thank you for your letters of June 15 to him, the Deputy Secretary and Patricia Serian in which you expressed your views concerning our policy on Export-Import Bank credits to Argentina, specifically with reference to financing for the Yacyreta-Arripe hydroelectric project.

Because of the gravity of the situation in Argentina, the Export-Import Bank engaged in consultations with the Department on the advisability of going forward with pending applications for Argentina projects at this time. After an extensive review, including consultations with industry representatives, the Secretary of State advised the Chairman of the Export-Import Bank that it would be presently inadvisable for foreign policy reasons to proceed with such credits in the absence of significant improvements in the Argentine situation.

We want to assure you that we recognize that expanded export effort is critical to the continued economic well-being of our country as expressed in our balance of payments, our competitive industrial plant and a prosperous work force. The U.S. Government through its participation in the Multilateral Trade Negotiations, through trade promotion efforts in its missions abroad and through special government programs such as the Export-Import Bank seeks to ensure that US exporters will be able to compete on a world-wide basis.

However, there are other US policy goals that sometimes conflict with the important goal of export promotion. This is particularly true in the area of US Government participation in financing or otherwise facilitating US exports to certain countries, such as Argentina, where we remain deeply concerned about human rights. The Congress already requires that human rights considerations be taken into account in approving Export-Import Bank applications and new legislation

The Honorable
Paul Trible,
House of Representatives.

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ARGENTINA PROJECT (S200000044)

U.S. DEPT. OF STATE, A/RPS/VPB

Margaret P. Grafeld, Director

Release () Excise () Deny

Exemption(s):

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Date Declassify on Re

may restrict the Bank's activities further. We realize that this type of regulation could affect U.S. export-sales to Argentina and that these sales might be lost to foreign competition without Export-Import Bank participation. Nonetheless, the Argentine human rights situation is of great importance in our over-all relationship with that country.

We had hoped that by now the Argentine situation would have evolved in a way which could have permitted a more normal relationship. This is not the case and the persistence of human rights problems troubles us deeply. These problems include: the question of numerous detainees being held without charges, the disappearances of individuals, which in the past have included churchmen, labor leaders and members of human rights organizations, and the failure of the government of Argentina to agree to the terms of the Inter-American Commission on Human Rights to visit Argentina.

We continue to keep U.S. economic and commercial involvement with Argentina under review. In this regard, we welcome the expression of your views. We have held continuing and recent high level conversations with Argentine officials and they are aware of our great desire for improved relations and of the priority we attach to the observance of basic human rights as a primary basis for such relations. We remain alert to the possibility of an improving human rights trend in Argentina which could enable us to reconsider our trade and aid policies vis-a-vis Argentina.

Sincerely,

Douglas J. Bennett, Jr.
Assistant Secretary
for Congressional Relations

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